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A Budget for the 21st Century: A Victory for Women

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A Budget for the 21st Century: A Victory for Women

A budget that's good for women and their families. In February, the President unveiled the first balanced budget in 30 years, representing a victory for all Americans. Significant investments in this historic budget seek to help women build stronger families, find or improve their economic security, and feel comfortable and secure in their later years. If the economy stays strong, we may see a balanced budget this year. This marks a tremendous turnaround from 1992, when the deficit was at an all-time high of \$290 billion.

Recognizing that the deficit needed to be brought under control, Democrats in 1993 passed an historic economic plan, without a single Republican vote. Since then, with the help of a strong economy, we have reduced projected deficits by more than \$1 trillion. Now, we are on the verge of a balanced budget.

Sustained fiscal responsibility and saving Social Security first. The budget would keep us on this fiscally responsible course by fully funding each of a number of important new initiatives. Rather than spending possible budget surpluses before they even exist, the budget would reserve any surpluses pending enactment of Social Security reform. With Social Security and health care costs projected to rise significantly in the next century because of a retiring baby boom generation, the budget would help us prepare for upcoming challenges by setting aside any surpluses until legislation is passed to put Social Security on a sound financial footing.

Tax relief for working families. Democrats enacted tax cuts for working families into law, over Republican objections, in both the 1993 and 1997 budgets. Provisions that particularly addressed the needs of women and their families included an expanded earned income tax credit, a \$500 per-child tax credit, and education tax relief. Today, the typical middle-income family has its lowest tax burden in 20 years, and will see taxes drop further as the tax cuts passed last year phase in fully. The President's budget calls for \$24 billion in new tax cuts, including incentives for education, child care, and the environment.

A smaller government, and spending focused on important priorities. The President's budget continues to shrink government. Last year, the number of Federal civilian employees was at its lowest in more than 30 years. Federal spending is now 20 percent of our economy, its lowest level since 1974. The new budget would lower spending even further, to 18.8 percent in 2002.

Lower spending and smaller government is helping to balance the budget, while focusing on priorities important to American families. Women and their families will reap the benefits from the budget's significant investments in:

- prioritizing education and training—recruiting quality teachers, helping crumbling schools, reducing class size and boosting job training;
- investing in child care—providing tax incentives, helping more families with child care needs, increasing Head Start and after-school programs and improving quality;
- improving health quality—calling for a patients' bill of rights, increased health care access for children, increased spending for cancer and other research, reduced teen smoking and stronger food safety measures;
- encouraging pension participation—allowing retirement contributions through payroll deductions and tax incentives to businesses;
- helping low-income families—developing additional affordable housing and providing welfare-to-work housing vouchers;
- protecting Social Security—saving Social Security first to prepare for a growing elderly population; and,
- increasing Medicare delivery—allowing 62 through 65 year olds to buy- in, providing access to older displaced workers, and expanding COBRA to early retirees who lose health benefits.

This landmark budget proposal contains strong assurances to women and their families. Opportunities to learn, find a good job and be successful in business will increase. Access to quality health care and child care will improve. And retirement years will be more secure.

Helping Women Build Stronger Families

Millions of women and their families face daunting everyday challenges that must be addressed. A good education should be available to all children, but some communities lack the resources to fix and maintain good schools. Working mothers with children in school have a hard time finding safe and affordable child care for after-school hours, or full-time child care for younger children who are not school-aged. If a family member gets sick, access to quality health care is often a problem, particularly for women who are the primary caregivers.

Much work remains to be done in the areas of education, child care, and health care.

Education

- Sixty percent of America's 80,000 K-12 schools need extensive repair, overhaul, or replacement of at least one major building feature—such as the roof, the boiler, or the wiring system, according to the General Accounting Office (GAO); upwards of 14 million students attend school in buildings below standard or even considered dangerous (GAO).
- About \$112 billion is needed to bring the Nation's schools up to "good" condition through construction or renovation (GAO).
- More than 40 States let schools hire teachers who don't meet certification standards, according to the National Education Association.
- Of the four million babies born each year, nearly one out of eight is born to a teenage mother, one out of four to a mother with less than a high school education, almost one out of three to a mother who lives in poverty, and one out of four to an unmarried mother—conditions associated with children experiencing problems in school (U.S. Department of Education).

Child Care

- Currently, about 11 million children younger than six years of age and 27 million children between six and 17 years of age have mothers in the labor force (U.S. Department of Health and Human Services, HHS).
- Almost 60 percent of the preschool-age children of working mothers in 1991 were being cared for away from their own or a relative's home (HHS).
- Each day, an estimated 13 million children younger than six—including six million babies and toddlers—spend some or all of their day being cared for by someone other than their parents (HHS).
- The total time that parents spend with children has diminished by about one-third over the past 30 years (Carnegie Foundation).
- Child care costs exceed the costs for rent or a mortgage for many families—full-day child care easily costs \$4,000 to \$10,000 per year.

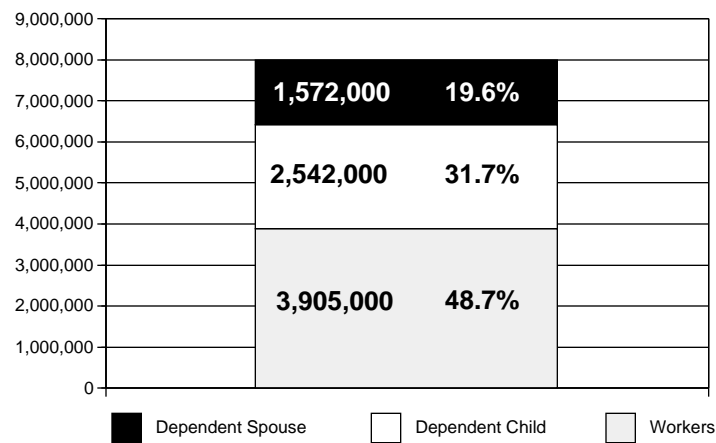
Health Care

- More than 14 percent of all women and nearly 28 percent of poor women lacked health insurance at some point in 1996, according to the U.S. Bureau of the Census.
- Women are the primary healthcare decision makers in 88 percent of American households (*Working Mother* magazine).
- Caring for a sick child and other family issues and needs accounted for 46 percent of unscheduled employee absences in 1996 (CCH, Human Resources).

- Employer coverage—still the primary source of health coverage—for working families will continue dropping, going from 75 percent of employees, spouses and dependent children in 1997 to 72 percent in 2002, according to the AFL-CIO.
- Eight million workers and dependents lost employer health coverage between 1989-1996, nearly 20 percent of these being dependent spouses and more than 30 percent being dependent children.

Eight Million Workers and Dependents Lost Employer Health Coverage Between 1989-1996

Number and Percentage of Persons Who Lost Employer Coverage by Class of Enrollee



Source: AFL-CIO publication, "Paying More and Losing Ground"

The budget helps women and their families prepare for the future. In recent years, Democrats have been able to enact many important initiatives to help women and their families overcome difficult challenges. The new budget does the same by prioritizing investments that will help American families prepare for their own—and their children's—futures. The new budget includes new initiatives in areas fundamentally important to American families—education, child care, and health care.

Strengthening Education

Prioritizing younger children and job training. Last year's budget included important tax incentives to help women and their families finance college educations. This year's budget focuses on providing help for younger children and for job training, including the largest spending increase in K-12 education in more than 30 years. The budget seeks to help America's students prepare for the challenges of the coming century by creating safe, modern schools that promote quality teaching and learning, as well as to help families pay for college.

- **Recruit, prepare and support quality teachers.** The budget would help local communities hire 100,000 teachers over seven years to improve reading in grades one through three.
- **Strengthen rural and urban crumbling schools.** Too many students have to learn in overcrowded or aging facilities. The budget would help local communities raise funds to build and repair schools.
- **Reduce class size and create smaller classes with qualified teachers.** The additional teachers and new or repaired facilities are designed to help school districts reduce average class sizes in early grades to 18 children, making it easier for teachers to give each child the attention and assistance they need in those critical years.
- **Help dislocated workers.** The budget would provide a funding increase to support 685,800 individuals in the Dislocated Worker Program, including retraining and adjustment services to laid-off workers to help them return to work.
- **Other education efforts.** The budget features a number of other initiatives to give education the same priority in the Federal government that it has for every parent, including: early intervention efforts to promote college attendance; education opportunity zones to help students in disadvantaged communities achieve high standards; and increased Pell Grants, college scholarships, and Work-Study.

Meeting Child Care Needs

Millions of working parents find it hard to juggle pressures related to work with the need to find good child care for their children, either all day or during after-school hours. Too often, child care is unavailable, unaffordable, or unsafe. The new budget would invest \$20 billion over five years in a child care initiative to help these families.

- **Tax relief.** The Child and Dependent Care credit would increase for three million working families. Most families of four with incomes of up to \$35,000 would no longer pay any income tax if child care expenses are high enough to claim the maximum credit.
- **Tax incentives for employers providing child care.** Businesses would receive a new, 50 percent tax credit (not more than \$150,000 per year) if they provide child care for employees. The budget also proposes a ten percent credit for private employers providing child care resource and referral services to employees.
- **Child care block grant.** By 2003, the budget would double the number of low-income families who receive child care subsidies.
- **Head Start and after-school programs.** The budget includes significant increases in Head Start and the Community Learning Center program, doubling the number of slots in Early Head Start and providing after-school care for up to half a million children per year.
- **Early learning and child care quality.** An Early Learning Fund would help communities promote early childhood development and improve child care quality. The budget also calls for funding to facilitate background checks for health care workers, a program to enforce health and safety standards, and scholarships for care providers.

Restoring Health Care Access and Control

Women need the assurance of quality health care for their families and for themselves. The new budget provides for health care delivery improvements, restores control over decisions for those in managed care plans, provides an historic investment to advance medical research, and confronts threats to public health.

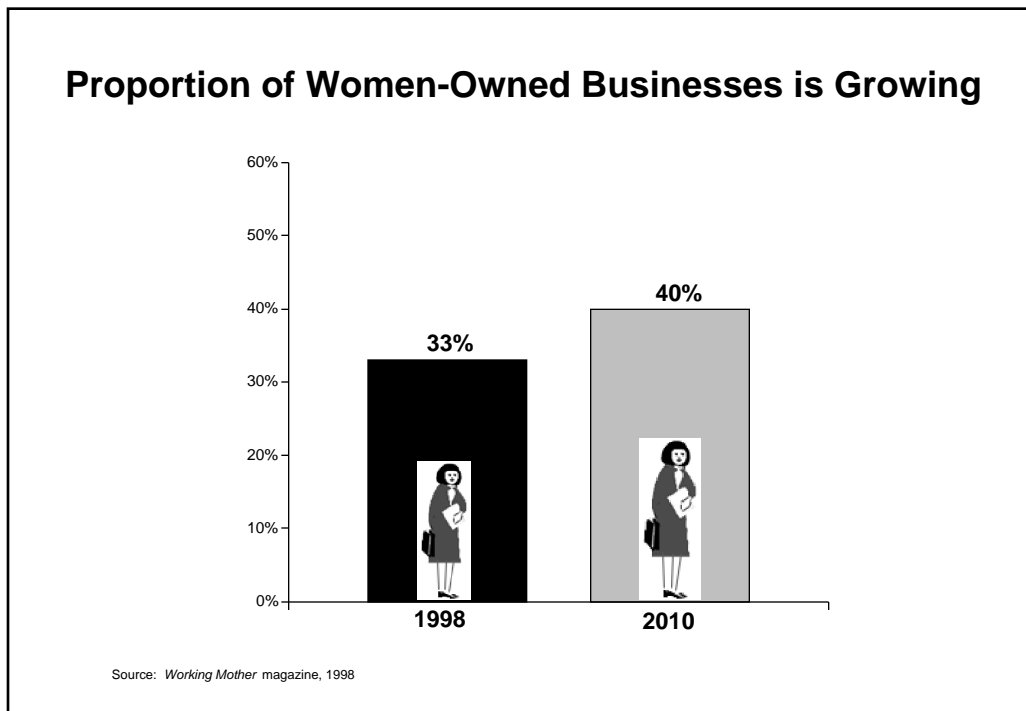
- **Patient protections.** The budget calls for a consumer bill of rights to help give doctors and patients in managed care plans greater control over health care decisions. The budget also calls for legislation to prohibit the use of genetic screening to discriminate against applicants for jobs and health insurance.
- **Expanded access for children.** Building on last year's success, the budget calls for an expanded outreach effort to find and cover uninsured children under Medicaid.
- **Increased spending for cancer and cancer clinical trials.** The budget increases spending on cancer research within the National Institutes of Health by ten percent. It also establishes a three-year demonstration program to cover patient care costs for Medicare beneficiaries participating in NIH-sponsored cancer clinical trials.
- **Reduced teen smoking.** The budget calls for passage of comprehensive tobacco legislation that reduces smoking among teenagers and children.
- **Increased food safety.** To fight food contamination outbreaks, the budget requests \$249 million—\$50 million represents an increase in funds for an ongoing interagency food safety initiative, which is designed to respond to outbreaks more quickly and prevent future outbreaks.
- **Fully funded supplemental food program.** The budget funds full participation in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which will provide benefits to 7.5 million people by the end of 1999.
- **Augmented biomedical research.** The budget calls for a more than \$1.1 billion increase in health research, the largest increase ever, with a particular emphasis on cancer research.

Helping Women Achieve Economic Security

Women continue to battle against barriers to economic security. Women continue to suffer at the workplace, earning only 74 cents to every dollar earned by men. Women participate less in pension plans, which cripples their families' and their own future financial security. Consequences are greater for women who need to leave jobs and remain at home to care for children or other family members. For poorer women, the picture is even bleaker. Women need a lot of support in their fight to overcome barriers to self-sufficiency and to successes in the workplace.

Despite these problems, women have managed to accomplish quite a lot toward financial security.

- By 2010, women will represent 62 percent of the total workforce and own 40 percent of all businesses; currently, eight million women own their own businesses—one-third of all U.S. firms.



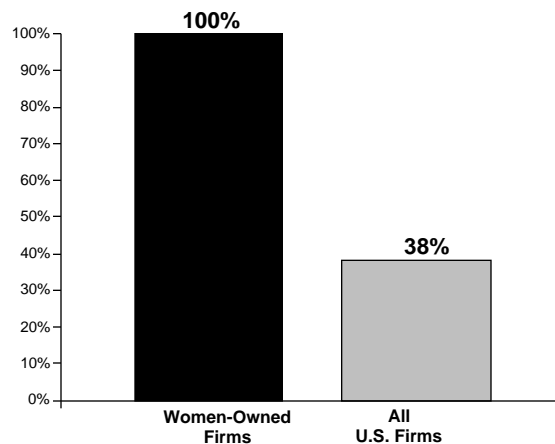
- Between 80 and 90 percent of women will be solely responsible for their finances at some point in their lives.

- Ninety-four percent of women make the financial decisions for their families.
- One in four working women is the sole breadwinner for herself or her family.
- For the first time in 1996, women captured more than ten percent of the total board of director seats of the Nation's 500 largest publicly held companies.
- Consumer spending by women amounts to \$3.3 trillion.
- Women-owned businesses contribute more than \$2.38 trillion annually in revenues to the economy, more than the gross domestic product of most countries.
- Employment by women-owned firms rose by more than 100 percent from 1987-1992, compared to a 38 percent increase in employment by all firms.
- For women-owned companies with 100 or more workers, employment increased by 158 percent—more than double the rate for all U.S. firms of similar size.

The budget increases investments in several important areas to assure women opportunities to find and hold secure jobs with good wages, reliable pensions, and chances to improve workplace skills. The budget works to increase financial strength for women.

- **Increased Women's Business Centers funding.** The budget recommends a 125 percent increase in funding for the Women's Business Centers program within the Small Business Administration, which provides training, counseling and outreach to women entrepreneurs.

Employment Growing Faster in Women-Owned Firms Employment Growth, 1987-1992



Source: Small Business Administration

- **Encouragement toward retirement savings.** The budget would allow taxpayers to contribute to an Individual Retirement Account (IRA) through a payroll deduction. It also would give businesses a new tax incentive to help cover the administrative costs of new pension plans. The 45 percent of Americans with private pension coverage include twice as many men as women.
- **Establishment of a new safety net for workers.** The budget includes an Unemployment Insurance (UI) Safety Net to assure that benefits would be available for more workers in the event of a recession. The proposal would make the program more accessible to low-wage and part-time unemployed workers. It would also improve State administrative options.
- **Increased worker retraining and benefits.** The budget includes the previously-mentioned increase in the Dislocated Worker Program.

- **Strengthened American communities.** The budget includes a number of proposals to strengthen our communities, including: an expanded national service program; new Empowerment Zones and Enterprise Communities; more capital for the Community Development Financial Institutions program; and more funds to enforce our civil rights laws.

The new budget also seeks to take care of low-income families by boosting housing assistance—steps on the way to economic recovery.

- **Development of additional affordable housing.** The budget expands the Low-Income Housing Tax Credit by 40 percent, helping lead to an additional 150,000 to 180,000 units of affordable housing over five years.
- **Provision of welfare-to-work housing vouchers.** The budget would provide \$283 million for 50,000 new vouchers for people who need housing assistance to make the transition from welfare into the workforce.
- **Increased homeless assistance.** The budget recommends \$1.15 billion for homeless assistance, up from last year's level of \$823 million—\$192 million for the creation of 34,000 permanent housing vouchers for homeless Americans.

The budget also addresses the needs of immigrants by restoring certain benefits.

- **Help for legal immigrant children.** The budget provides \$25 million in 1999 and \$230 million over five years to restore health care coverage for some legal immigrant children who lost coverage under the 1996 welfare law.
- **Restored food stamp benefits.** The budget requests \$2.43 billion over five years to restore food stamps to 730,000 legal immigrants, including immigrant families with children, Hmong refugees, and elderly and disabled immigrants who were in the country before enactment of the new welfare law; availability is also extended from five to seven years for refugees.

Providing Security for Senior Women

The U.S. will face serious financial challenges in the next century with an aging baby boom generation. Increasing longevity and falling birth rates over the past five decades are resulting in significant growth in the senior population, which will increase the percentage of those who are 65 and older from 13 percent today to 20 percent by 2050 (GAO, 1997).

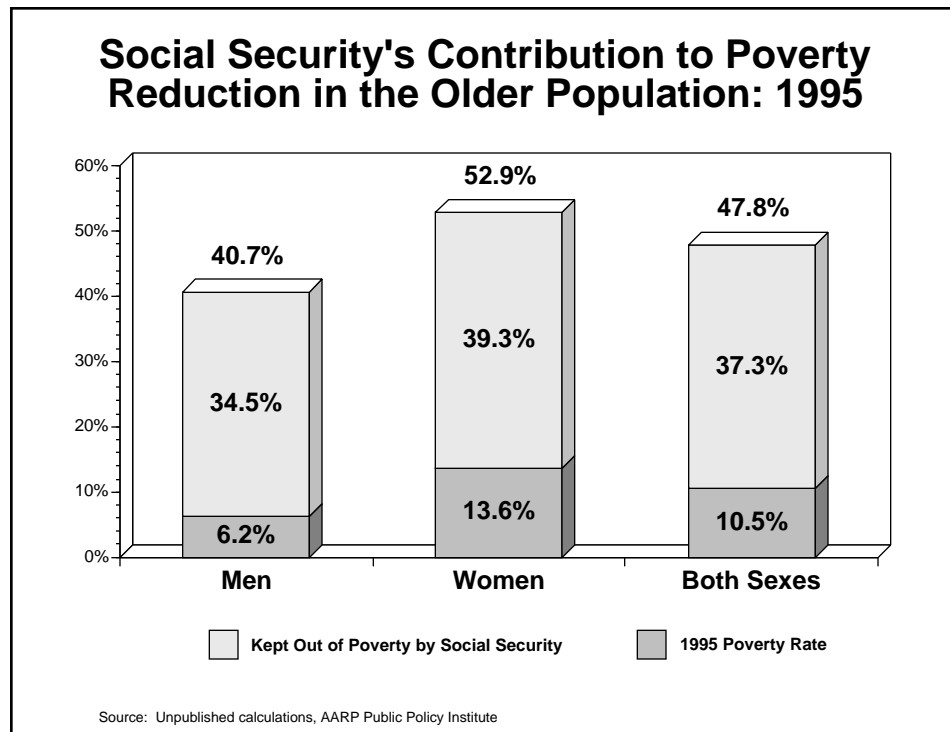
Older women are most at risk. Older women in particular make up the large majority of the fastest-growing age group—those 80 years and older—which is also most at risk of living alone and in declining income and health. There are 56 men for every 100 women aged 80 to 84, a disparity which increases dramatically with age. For those 95 and older, there are 35 men for every 100 women. And older women are more dependent overall upon Social Security, Supplemental Security Income (SSI), Medicare and Medicaid than older men (Institute for Health & Aging, University of California San Francisco, 1998).

- One in four women aged 65 and older—twice as many as men the same age—relies on Social Security for at least 90 percent of her income.
- 55 percent of disabled and 70 percent of aged SSI recipients are women.
- 65 percent of Medicare beneficiaries are women.
- 59 percent of Medicaid beneficiaries and 61 percent of Medicaid expenditures are for women.

The new budget helps to take care of our elderly Americans, particularly older women, by prioritizing funding and reforms in a number of programs of particular concern to this fast-growing population.

Saving Social Security First

Social Security prevents seniors from becoming poor. Social Security has succeeded in keeping millions of older Americans out of poverty, helping those who have no pension or an inadequate pension, and serving as an important safety net for low-income seniors. Without it, the poverty rate for all older households would rise from 13 percent to almost 50 percent; 53 percent of older women and 41 percent of older men would be poor. Social Security has kept a greater percentage of senior women than men out of poverty.



Of the 49 million people expected to receive Social Security benefits in 1999—the majority (58.7 percent) are women (Social Security Administration). Saving Social Security is necessary to ensure our older women a comfortable and secure retirement.

The budget meets the challenge of saving the future of Social Security.

The program's financing system is sound today—three workers per beneficiary pay payroll taxes and build up the Social Security Trust Fund. However, by 2030, there will be only two workers for each beneficiary. As baby boomers retire, the Trust Fund will shrink and be depleted by 2029, after which, the system would only be able to finance 75 percent of benefits. This is the greatest challenge to our long-term fiscal solvency.

The new budget, instead of spending any surpluses, would set them aside in a reserve fund until legislation is passed to put Social Security on a sound financial footing for the future. Once this is done, surpluses could be used to reduce the debt, fund new initiatives, or reduce taxes without jeopardizing long-term solvency.

A National dialogue on Social Security has begun. The Administration is organizing a series of conferences and forums on Social Security for 1998 and has encouraged groups to organize similar discussions of their own, all culminating in a White House Conference on Social Security in December. This national dialogue will help the American people and policymakers better appreciate the importance of Social Security and the various options available to save the program. Following this dialogue, the Administration intends to begin negotiations on Social Security reform with the bipartisan Congressional leadership in January, 1999.

Preserving Medicare

Medicare remains major health care provider for older Americans.

Medicare, America's major health care provider for seniors, will serve about 39.5 million people in 1999. Women will make up more than half of this caseload, or 57 percent. The program continues to ensure that our elderly are able to obtain some form of health care for most illnesses and conditions.

However, Medicare does not yet cover a crucial section of our senior population who desperately need access to health care. About three million people—60 percent who are women—from 55 through 65 years of age are currently uninsured. These individuals have less access to employer-based health insurance, are twice as likely to have health problems, and are at great risk of losing coverage due to work transition, company layoffs, and difficulties

in getting rehired. Some (mostly wives) lose their employer-based health insurance when their spouse becomes eligible for Medicare.

Often, the only option left to these older Americans is to buy into the individual insurance market, which can be prohibitively expensive or unavailable to older Americans with health problems. The President's budget seeks to solve these dilemmas through simple changes in the Medicare program that are fully funded and do not burden the program:

- **Medicare buy-in for Americans ages 62 through 65.** The budget would allow Americans from ages 62 through 65 to buy into the Medicare program by paying a base monthly premium of about \$300 and an additional monthly payment of an estimated \$10 to \$20 for each year that they buy in. The latter amount would be added to the regular premium then they enter Medicare at 65. This two part "payment plan" would enable older Americans to buy into Medicare at a more affordable premium, while ensuring that their coverage is self-financing in the long run.
- **Providing Medicare access to displaced workers over 55.** The new budget offers workers older than 55 who have involuntarily lost their jobs and health care coverage a similar Medicare buy-in option. Individuals under this option would pay the entire premium without any Medicare "loan," to ensure that Medicare does not pay excessive up-front costs and participants do not have to make larger payments after turning 65.
- **Expanding COBRA to early retirees whose companies reneged on providing health benefits.** For those older than 55 who have lost their retiree benefits, the budget provides access to their former employers' health insurance by allowing these families to buy in to COBRA through age 65.

Reduction in provider overpayment for Medicare. To further ensure that Medicare works for America's seniors, the budget proposes \$2.4 billion in savings over five years by reducing provider overpayment under Medicare. This would include provisions such as eliminating excessive Medicare reimbursement for drugs and ensuring Medicare does not pay for claims owed by private insurers.